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The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

NIC 03128-84

25 May 1984

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH: National Intelligence Officer for Warning

FROM: [REDACTED]
Assistant National Intelligence Officer
for Latin America

SUBJECT: Warning and Forecast Report for Latin America
May 1984

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1. The following items were discussed at the Warning and Forecast Meeting held on 23 May 1984.

Suriname.

2. Prime Minister Udenhout has seen his power increasingly undermined by Army Commander Bouterse, and he has been able to make little progress toward restoring democracy or promoting economic stability. A crisis may be looming as a result of the near depletion of foreign reserves and the need for harsher austerity measures.

- Udenhout may attempt to resign by July, when the airport pipeline dries up, unless he gets support for economic reform measures currently opposed by Bouterse.
- Bouterse, in turn, may rely on a hardline approach advocated by his pro-Cuban leftist advisers, blaming Udenhout for any violence that erupts.
- Unless Brazil or another western source provides sufficient support, Bouterse may be forced to turn to Cuba for economic and military aid.
- While the Cubans have so far taken a hands-off attitude, they may eventually calculate that conditions are favorable for a return to Suriname.

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Dominican Republic.

4. President Jorge Blanco's ability to prevent a general strike on 9 May by a combination of a harsh crackdown on the opposition and some concessions to workers in a positive sign. Nevertheless, new unrest is likely as a result of further IMF-mandated austerity measures.

- The President may have to raise gasoline prices some 50% later this summer.
- Although the Cubans apparently had no hand in the April violence, they reportedly are now training Dominican insurgents and will be more alert to exploit further unrest.

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Panama.

6. President-elect Barletta will lack considerable legitimacy unless the opposition accepts his election and agrees to join his proposed government of National Reconciliation. Arias, however, is convinced he was cheated and is unlikely to compromise. While opposition violence probably can be contained, it may hurt the investment climate in Panama and further weaken the economy.

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El Salvador.

8. Relations between Duarte and the military appear promising as a result of agreement on limited command changes. But Duarte still has major problems to face.

- Indications that his cabinet will include only PDC members may alienate the moderate opposition and the private sector.
- ARENA may adopt an overt policy of a loyal opposition while secretly promoting renewed death squad activity.
- The insurgents are likely to step up attacks to discredit Duarte and establish their own credibility.

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Nicaragua.

11. The Cubans probably will be able to finish the main runway at Puente Huete by October, but the airfield will still lack support facilities. The Cubans may risk flying in MIG's to Puente Huete even without adequate defenses or support facilities once the runway is completed and fuel available.

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